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ENFORCEMENT
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FINANCIAL ASSESSMENT OF DREXLER FACILITIES

PRIVILEGED WORK PRODUCT PREPARED
IN ANTICIPATION OF LITIGATION

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ENFORCEMENT
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WASTE MANAGEMENT BRANCH

WORK PLAN

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Prepared for

U.S. ENVIRONMENTAL PROTECTION AGENCY
Office of Waste Programs Enforcement
Washington, D.C. 20460

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USEPA RCRA



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3.0 INTRODUCTION

The Drexler family (father and three sons) owns at least 4 RCRA/Superfund sites in Region X. Two of these, in Rathdrum, ID, and Tacoma, WA are the subjects of this task assignment. At both sites, the operating company, Arrcom Inc. (owned by the Drexler family) collected waste oil, mixed it with hazardous waste products, and illegally sold the resulting oil. As a result of this practice, two of the family members/company directors were convicted of fraud and are currently serving sentences in federal prisons.

Neither of these sites is currently operating and Arrcom Inc. is out of business. Both sites are contaminated with hazardous wastes and the Rathdrum, ID facility is a Superfund site. At least seven other companies have been owned by the Drexler families and operated at these sites. The determination of the interconnections and corporate structure of these companies and sites is the subject of another GCA task assignment (No. 83-22) which is being conducted by a subcontractor, TechLaw Inc. This task will determine the location and amounts of the financial assets of these companies, plus any others uncovered in the above task, as well as the corporate officers of the Drexler family.

4.0 PROJECT APPROACH/DELIVERABLES

Project Approach

Based on conversations with the EPA Regional Contact, GCA has divided the project into three tasks. The objective of the first task will be to collect all the financial information available on these corporations and individuals. Task 2 will be a financial assessment of the location and value of the assets of all identified corporations and individuals. The final task involves the preparation of letter and draft final reports summarizing the information contained in tasks one and two. Each of these tasks is briefly summarized below.

Task 1: Collection of Financial Information

Considerable information has already been collected by EPA, Region X and TechLaw under the other task assignment (83-22). In particular, documents have been obtained from the National Enforcement Investigations Center (NEIC) and the state of Washington (these companies were not registered to operate in Idaho), and the financial information will be forwarded to GCA. In addition, the FBI has accumulated considerable financial data in connection with its criminal case, and GCA will have access to this data if this can be done without jeopardizing its standing as evidence in EPA's civil actions. Finally, it is anticipated that interviews may be held with a former Drexler employee, which may reveal additional financial information or sources. Depending on the information obtained from these sources, including an examination of the documents themselves, additional contacts with state and local officials may be initiated.

Task 2: Financial Assessment

Under this task, the financial records collected in task 1 will be examined. The objective will be to determine the financial transactions which have occurred among the Drexler-owned companies, as well as the

total assets, either liquid or long-term, available to all these companies. Income statements will be used to estimate future assets which might be available. The ability of these companies to generate cash through borrowing will also be evaluated. Transfers of any assets directly to the Drexler family will be noted. Gaps in this information will be used to guide a search for further information under task 1.

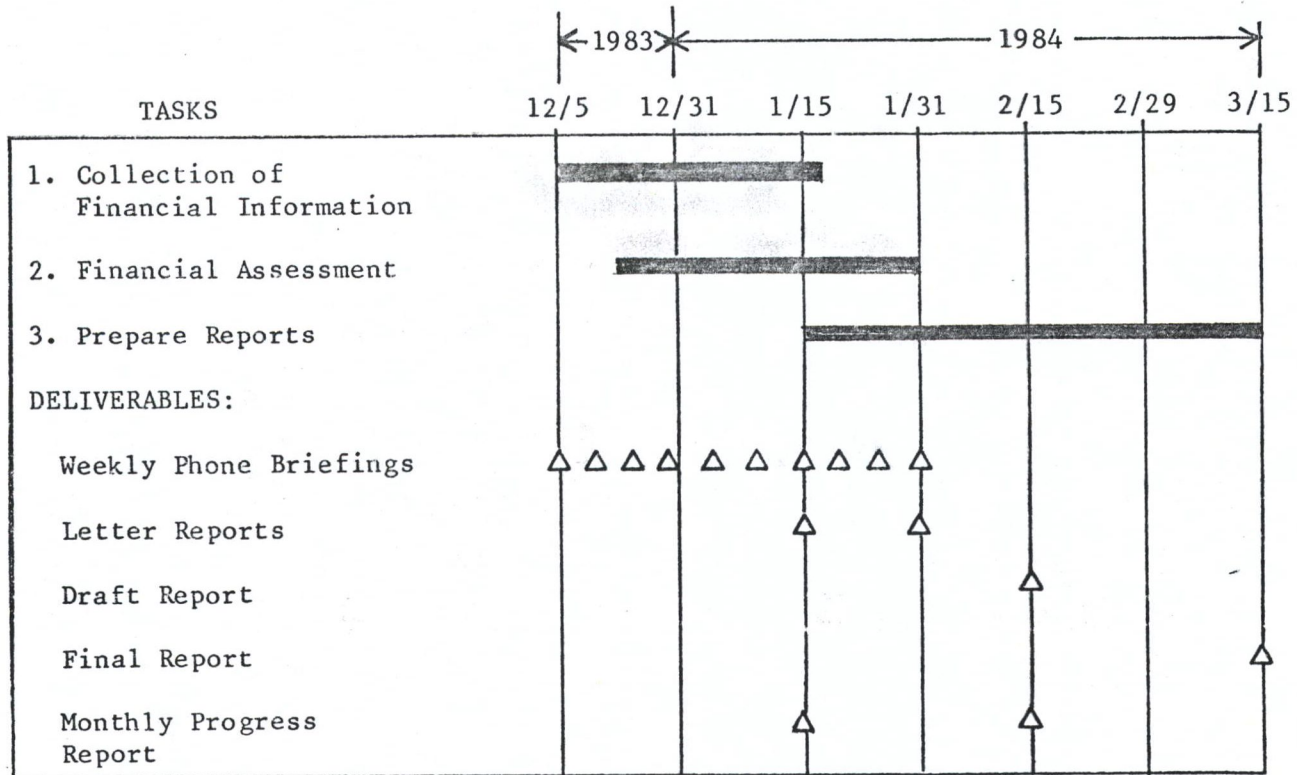
Task 3: Preparation of Reports

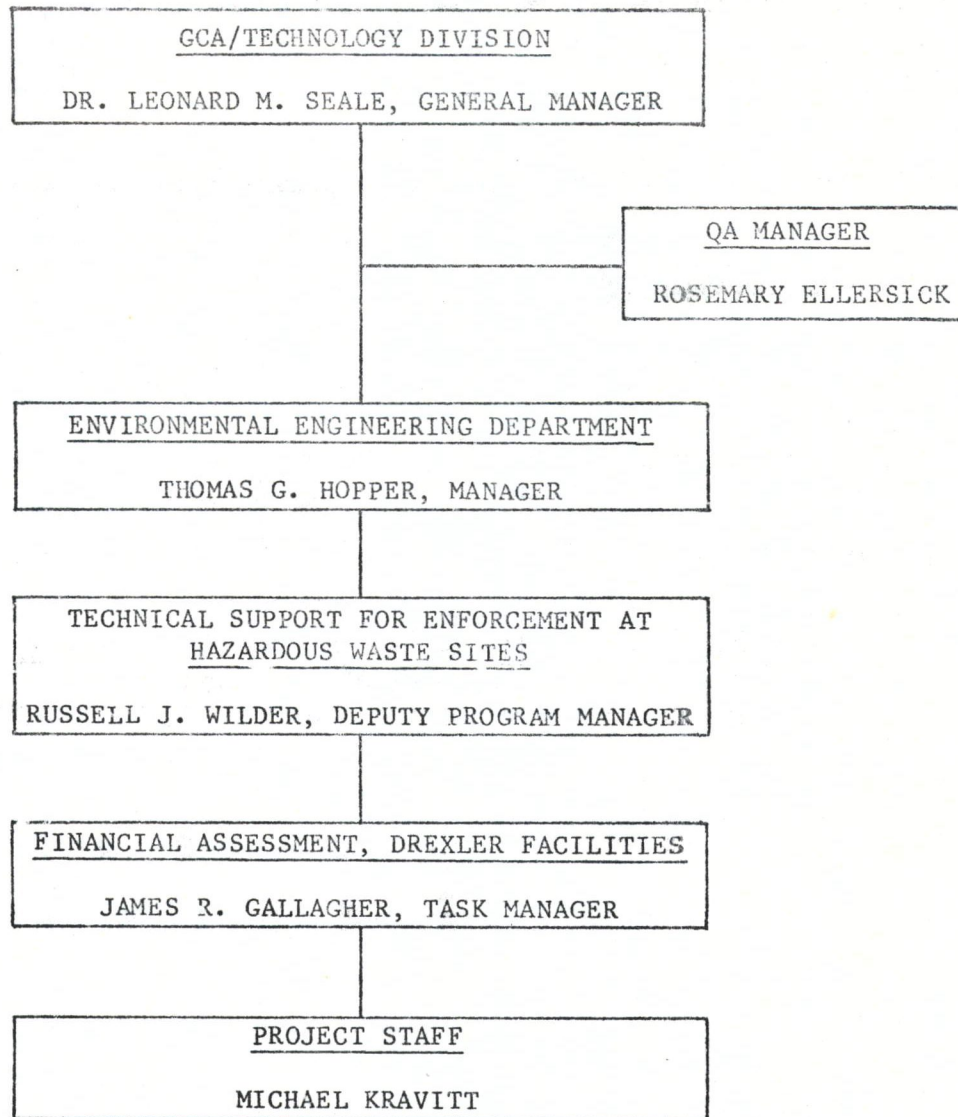
Letter reports will be prepared after the completion of tasks 1 and 2, and a draft final report summarizing both will be written.

Deliverables

Phone briefings will be held at least weekly between the GCA Task Manager and the EPA Regional Contact. A letter report on task 1 will be provided to Region X by January 10, 1984, and that for task 2 by January 31, 1984. The draft report will be completed by February 15, 1984, with the final report due 30 days later. Monthly progress reports are also required, beginning with December, 1983.

5.0 PROGRAM SCHEDULE OF WORK





7.0 ANTICIPATED INTERVIEWS, SUBCONTRACTOR/CONSULTANT USE

It is anticipated, as part of the information collection effort under Task 1, that a former Drexler employee will be interviewed, in conjunction with the EPA Regional Contact and the Regional Counsel's Office, in the Seattle area. No subcontractor use is anticipated under this task.

8.0 ANTICIPATED PROBLEMS IN COMPLETING THE ASSIGNMENT

No problems are anticipated at this time in completing this Assignment. However, if Tasks 1 or 2 reveal additional information to be collected, an extension of time and/or additional technical-hours may be necessary.

9.0 COST ESTIMATE

GCA Technical Hours

Financial Analyst/Task Manager 120 hrs

Data Analyst $\frac{80}{200}$ hrs

One, two day trip to Seattle \$ 870
(interview with former Drexler employee)

THIS IS NOT THE FORM THE COST
ESTIMATE WILL TAKE, BUT IT IS THE INFORMATION
IT WILL BE BASED ON

10.0 QUALITY ASSURANCE

GCA/Technology Division maintains a Quality Assurance Program under the direction of the Division QA Manager, who is also the Program QA Officer for this contract and has reviewed this Work Plan with the Task Manager. The QC procedures described in GCA's December 1, 1982 QA Project Plan, incorporated by reference in the contract under which this assignment was issued, will be followed as appropriate.

GCA's QA Program includes system audits on a random basis; this project may be audited under that policy. If it is, a written audit report will be included in the appropriate Monthly Progress Report and the Draft Final Report.

To the extent that QA Activity occurs during a given month of the program, such activity will be noted in the Monthly Progress Reports. This would include quality problems found, corrective actions taken and system audits conducted. Appropriate QC procedures (as described in GCA's QA Project Plan) will be followed routinely without so noting in Monthly Progress Reports.

11.0 EXCEPTIONS TO THE WORK ASSIGNMENT

The technical hours in the work assignment were estimated at 80. Due to the complicated corporate structure and the potential difficulty in obtaining financial data, GCA estimates that 200 technical hours will be necessary. This estimate could change, up or down, depending on the availability of data and the nature of intercorporate transactions discovered.

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